Overview
Proposed
2011 General Government Operating Budget

Assembly Work Session
October 1, 2010

MAYOR DAN SULLIVAN
Six Year Plan: Economic Foundation
Slow, steady recovery

Anchorage Building Permit Values, 2003-2013 ($ Millions)

2003 $728
2004 $649
2005 $661
2006 $802
2007 $626
2008 $480
2009 $432
2010 $455
2011 $465
2012 $473
2013 $480

Average WTI Crude Oil Prices, 2002-2013 ($ Per Barrel)

2002 $26
2003 $31
2004 $42
2005 $57
2006 $66
2007 $72
2008 $100
2009 $62
2010 $79
2011 $83
2012 $84
2013 $92


Anchorage Airport Passenger Volume 2003-2013 (Millions)

2003 4.71
2004 5.05
2005 5.05
2006 5.11
2007 5.30
2008 5.34
2009 4.86
2010 4.92
2011 5.00
2012 5.10
2013 5.22

Anchorage Personal Income 2002-2013 ($ Billions)

2002 $10.2
2003 $10.4
2004 $11.1
2005 $11.7
2006 $12.5
2007 $13.1
2008 $14.0
2009 $13.8
2010 $13.9
2011 $14.4
2012 $14.8
2013 $15.2


Six Year Plan: Continued Market Volatility

MOA Trust Fund (730)
Domestic Equity Benchmark
S&P 500 Month End Values

As of June 30, 2010
2011 – Six Year Fiscal Outlook
Continuation Budget; Flat Property Taxes

Revenues:
• Property taxes flat with 2010
• SOA revenue sharing continues at $15 million/year
• Program revenues increase gradually 1 to 3%

Expenses:
• Personnel increases: 3% to 4% (current union agreements)
• New Debt: $35 million in 2011, ~$30 million 2012 to 2016
• Police & Fire Retirement contribution remains at $8.6 million
• Inflation: gradual increase from 2% to 3%

☐ NO SAVINGS
2011 – Six Year Fiscal Outlook
Mayor’s Plan

Revenues:
• Property taxes 1.5% increase
• SOA revenue sharing continues at $15 million/year
• New Revenue of $6 million
• Program revenues increase gradually 1 to 3%

Expenses:
• Labor increases: 3% to 4% (current union agreements)
• New Debt: $35 million in 2011, ~$30 million 2012 to 2016
• Police & Fire Retirement contribution remains at $8.6 million
• Inflation: gradual increase from 2% to 3%

Efficiencies/Reductions annually
$10,000 $17,000 $25,000 $25,000 $35,000
### Developing 2011 Budget: “Continuation Level”

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuation</td>
<td>$ 421,425,248</td>
<td>$ 450,021,178</td>
<td>$ 28,595,930</td>
</tr>
</tbody>
</table>

- $16.5 million increase in salary and benefits
- $14.6 million increase in debt service
## Salary, Benefit Cost Increases
### Recurring, Cumulative Increases

<table>
<thead>
<tr>
<th>Organization</th>
<th>2010 Cost</th>
<th>2011 Wage Increase</th>
<th>2011 Benefit Increase</th>
<th>Total Increase</th>
<th>2011 Total Cost</th>
<th># of Budgeted Employees</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMEA</td>
<td>34,600,668</td>
<td>1,041,764</td>
<td>1,439,823</td>
<td>2,481,587</td>
<td>37,082,255</td>
<td>469</td>
<td>7%</td>
</tr>
<tr>
<td>Police</td>
<td>60,178,614</td>
<td>2,259,645</td>
<td>3,026,438</td>
<td>5,286,083</td>
<td>65,464,697</td>
<td>514</td>
<td>9%</td>
</tr>
<tr>
<td>Fire</td>
<td>46,695,763</td>
<td>1,450,362</td>
<td>2,016,063</td>
<td>3,466,425</td>
<td>50,162,188</td>
<td>352</td>
<td>7%</td>
</tr>
<tr>
<td>IBEW</td>
<td>7,115,788</td>
<td>272,354</td>
<td>265,044</td>
<td>537,398</td>
<td>7,653,186</td>
<td>60</td>
<td>8%</td>
</tr>
<tr>
<td>IBEW - Mechanics</td>
<td>2,949,174</td>
<td>73,226</td>
<td>93,951</td>
<td>167,177</td>
<td>3,116,351</td>
<td>31</td>
<td>6%</td>
</tr>
<tr>
<td>Local 71 - Laborers</td>
<td>3,166,458</td>
<td>336,379</td>
<td>126,300</td>
<td>462,679</td>
<td>3,629,137</td>
<td>126</td>
<td>15%</td>
</tr>
<tr>
<td>Operating Engineers</td>
<td>8,392,469</td>
<td>296,554</td>
<td>330,454</td>
<td>627,008</td>
<td>9,019,477</td>
<td>100</td>
<td>7%</td>
</tr>
<tr>
<td>Plumbers &amp; Pipefitters</td>
<td>2,073,165</td>
<td>34,036</td>
<td>61,345</td>
<td>95,381</td>
<td>2,168,546</td>
<td>17</td>
<td>5%</td>
</tr>
<tr>
<td>Teamsters</td>
<td>7,774,893</td>
<td>274,775</td>
<td>358,996</td>
<td>633,771</td>
<td>8,408,664</td>
<td>93</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Sub-Total</strong></td>
<td>172,946,992</td>
<td>6,039,095</td>
<td>7,718,414</td>
<td>13,757,509</td>
<td>186,704,501</td>
<td>1,762</td>
<td>8%</td>
</tr>
<tr>
<td>Non-Represented</td>
<td>43,480,648</td>
<td>610,782</td>
<td>1,329,784</td>
<td>1,940,566</td>
<td>45,421,214</td>
<td>393</td>
<td>4%</td>
</tr>
<tr>
<td>Executives</td>
<td>13,401,113</td>
<td>327,388</td>
<td>454,625</td>
<td>782,013</td>
<td>14,183,126</td>
<td>122</td>
<td>6%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>229,828,753</td>
<td>6,977,265</td>
<td>9,502,823</td>
<td>16,480,088</td>
<td>246,308,841</td>
<td>2,277</td>
<td>7%</td>
</tr>
</tbody>
</table>
2011 Continuation Revenue

- $15.5M in additional property taxes IF tax to cap
- $7M in other revenue
- Still $6.1M short

Increased costs exceed expected revenue even with 7% property tax increase.
Anchorage doesn’t have a revenue problem. It has a structural spending problem.
Choices & Trade-Offs Required

• Community Budget Dialogues
  – Avoid cuts
  – Make efficiency gains
  – Only then (and only if necessary) increase taxes
  – If tax increases are necessary, do not support increasing property tax
    • But open to other taxes

• Served as one input to Mayor’s decision-making
## Proposed 2011 Budget

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>Difference</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditures</strong></td>
<td>$421.4</td>
<td>$435.2</td>
<td>$13.8</td>
<td>3.3%</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$237.3</td>
<td>$241.1</td>
<td>$3.8</td>
<td>1.6%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>$155.7</td>
<td>$164.3</td>
<td>$8.6</td>
<td>5.5%</td>
</tr>
<tr>
<td>IGCs</td>
<td>$25.9</td>
<td>$26.1</td>
<td>$0.2</td>
<td>0.8%</td>
</tr>
<tr>
<td>Pgm Generated fund balance</td>
<td>$2.6</td>
<td>$3.7</td>
<td>$1.1</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$421.5</td>
<td>$435.2</td>
<td>$13.7</td>
<td>3.3%</td>
</tr>
</tbody>
</table>
2011 Proposed Revenue

- Property Taxes: 55%
- Program Fees, Revenue: 13%
- Interest, Other Earnings: 11%
- Other Taxes: 11%
- Intra-Governmental: 6%
- Federal, State Revenue: 4%
2011 Revenue Increases

• $3.8M (1.6%) property tax increase
  – $2.3M voter-approved O&M, service area decisions
  – $36.00 annual cost per average home ($300,000 assessed valuation)

• $2.6M non-property tax increase, which includes:
  – $1.9M Room Tax increase
  – $210k Aircraft Registration from rate increase
  – $400k Motor Vehicle Registration

• $6M other sources, which includes:
  – $1.7M fee, fine increases
  – $1.4M ASD for SRO
  – $1.3M court fine revenue
  – $1M “Build America” bond subsidy
Impact on Taxpayers

2011 Maximum Property Taxes Allowed: $236,780,986
Service Areas: $15,747,722

2011 Maximum Can Be Collected $252,528,708

Mayor's Budget Under 2011 Tax Cap: $(11,439,478)
Amount Under in 2010: $(8,186,311)
Total Taxpayer Savings 2010 and 2011: $(19,625,789)
2011 Proposed Spending

“Administrative” includes:
Internal Audit
Attorney
Controller
Treasury
Property Appraisal
IT
CFO
OMB
ER
Purchasing
Equal Rights

- Administrative: 9%
- Assembly Mayor: 0%
- Real Estate Manager: 2%
- Real Estate Municipal: 5%
- Police & Fire Trusts: 5%
- Health & Human Services: 3%
- Fire: 16%
- Municipal Manager: 5%
- Police & Fire Trusts: 5%
- Real Estate: 2%
- Parks & Recreation: 4%
- Library: 2%
- Public Transportation: 5%
- Community Development: 3%
- Convention Center Reserve: 3%
- Public Works: 24%
- Parks & Recreation: 4%
- Library: 2%
- Public Transportation: 5%
- Community Development: 3%
## Dividing Up the Budget “Pie”

<table>
<thead>
<tr>
<th>Department</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police, Fire</td>
<td>40%</td>
</tr>
<tr>
<td>Public Works, Community Development</td>
<td>32%</td>
</tr>
<tr>
<td>Parks, Library, Transit, DHHS</td>
<td>14%</td>
</tr>
<tr>
<td>Administrative Operations</td>
<td>9%</td>
</tr>
<tr>
<td>Municipal Manager</td>
<td>5%</td>
</tr>
<tr>
<td>Assembly, Mayor</td>
<td>Lost in rounding</td>
</tr>
</tbody>
</table>

Magnitude of recurring increases meant every “slice” of the pie had to be examined. No department could be off limits.
Choices & Trade-Offs

• All departments participated in reductions
• 110 positions deleted due to budget reductions:
  – 56 vacant positions
  – 54 filled positions
    • Some positions move to grants, capital projects
2011 Budget Detail Additions

• Achieved goal of transparency
  – Detailed department and division expenditure information

• Achieve goal of accountability
  – “Performance. Value. Results (PVR)” frameworks, performance measures, and data
  – Updates throughout year on www.muni.org
## Transparency: Prior Year Division Budget Detail

### Anchorage Fire Department

#### Emergency Operations Division

### Division Expenditures by Category FY 10 v 09

<table>
<thead>
<tr>
<th>Category</th>
<th>2008 Actuals</th>
<th>2009 Revised</th>
<th>2010 Proposed</th>
<th>FY 10 v 09 % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$ 47,013,415</td>
<td>$ 46,941,026</td>
<td>$ 48,977,389</td>
<td>4.3%</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,258,924</td>
<td>1,235,550</td>
<td>916,400</td>
<td>-25.8%</td>
</tr>
<tr>
<td>Travel</td>
<td>95,025</td>
<td>67,750</td>
<td>10,000</td>
<td>-85.2%</td>
</tr>
<tr>
<td>Contractual/Other Services</td>
<td>7,263,375</td>
<td>6,762,900</td>
<td>7,638,637</td>
<td>12.9%</td>
</tr>
<tr>
<td>Equipment, Furnishings</td>
<td>221,786</td>
<td>344,750</td>
<td>273,500</td>
<td>-20.7%</td>
</tr>
<tr>
<td>Debt Service/Depreciation</td>
<td>5,123,962</td>
<td>4,397,228</td>
<td>4,488,216</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Total Direct Cost</strong></td>
<td><strong>$ 60,976,487</strong></td>
<td><strong>$ 59,749,204</strong></td>
<td><strong>$ 62,304,142</strong></td>
<td><strong>4.3%</strong></td>
</tr>
</tbody>
</table>

### Division Personnel Summary

<table>
<thead>
<tr>
<th>Division Personnel Summary</th>
<th>2008 Revised</th>
<th>2009 Revised</th>
<th>2010 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FT PT T</td>
<td>FT PT T</td>
<td>FT PT T</td>
</tr>
<tr>
<td>AFD Communications</td>
<td>21 21 20</td>
<td>20 20 20</td>
<td>20 20 20</td>
</tr>
<tr>
<td>Fire Marshall</td>
<td>13 13 10</td>
<td>10 10 10</td>
<td>10 10 10</td>
</tr>
<tr>
<td>Operations Management</td>
<td>13 14 13</td>
<td>13 13 13</td>
<td>13 13 13</td>
</tr>
<tr>
<td>Anchorage Fire &amp; Rescue</td>
<td>245 238 237</td>
<td>237 237 237</td>
<td>237 237 237</td>
</tr>
<tr>
<td>Emergency Medical Services</td>
<td>67 64 66</td>
<td>66 66 66</td>
<td>66 66 66</td>
</tr>
<tr>
<td>AFD Training Center</td>
<td>12 13 4</td>
<td>4 4 4</td>
<td>4 4 4</td>
</tr>
<tr>
<td><strong>Total Personnel</strong></td>
<td><strong>371 363 350</strong></td>
<td><strong>350 350 350</strong></td>
<td><strong>350 350 350</strong></td>
</tr>
</tbody>
</table>
Previous Accountability
Reports to Citizens

None since 2004
Example: 2011 PVR
Fire Department
Emergency Operations Division

Purpose
– Improve outcome for sick, injured, trapped and endangered victims

Direct Services
– Fielding 9-1-1 emergency calls and dispatching emergency medical resources
– First response basic life support
– Advanced life support response and transportation to hospitals

Accomplishment Goal
– Maintain ranking as one of the highest cardiac arrest survival rates in the nation
Report Progress Toward Goal

Measure: Emergency call dispatch time for cardiac arrest calls

Dispatch Time for Cardiac Arrest Calls (seconds)
Measure: Turnout time for cardiac arrest calls

Note: Response times improved due to a change in the way turnout and response times were measured. This also explains an apparent corresponding increase in response time.
Measure: Response time to cardiac arrest calls

Response Time for Cardiac Arrest Calls (minutes)

- 2005: 3.8 minutes
- 2006: 4 minutes
- 2007: 4.2 minutes
- 2008: 4.4 minutes
- 2009: 4.6 minutes

Municipality of Anchorage
www.muni.org

- Budget book details
- PVR
  - Frameworks, measures, data
  - Details re: data collection
- Six Year Fiscal Plan
  - Integrated into budget book
- Citizen’s Guide to the Budget
Next Steps

• Work sessions
  – October 22
  – November 5
  – November 12 (tentative)
  – November 19
  – December 3 (amendments)

• Public Hearings
  – October 26
  – November 9
  – November 23

• Questions, information requests
  – Submit to OMB